

Amusement Activity

CITY OF GLENDALE

PRIVILEGE LICENSE (Sales) TAX

WHO MUST PAY THE TAX?

You must be licensed and pay tax if you are the owner or operator of an amusement activity including the following or similar activities:

- Video/Game Center • Bowling Center • Exhibitions
- Theater • Golf Course • Sports Events
- Amusement Park • Skating Rink • Dance Hall
- Batting/Driving Range • Tennis Court • Pool Hall
- Circus • Concert/Play/Opera • Shooting Range
- Fair/Carnival • Music Machine • Races (car/motorcycle, horse, dog or boat)
- Coin-Operated or other amusement machines • Tours
- Health spa and fitness center • Membership fees
- Any business charging admission for exhibition, amusement, entertainment or instruction

Please note: These activities may also require a separate Regulatory License, please contact the City of Glendale, Tax & License Division at (623) 930-3190 for more information.

WHAT IS THE CITY TAX RATE?

Glendale's tax rate is 2.9%; the combined rate (including state & county taxes) is 10.2%.

WHEN IS TAX DUE?

Your tax return and payment are due on the 20th day of the month following the reporting period.

SPECIAL SITUATIONS

- Coin-Operated Game Machines – The gross income from pinball, video game or any other coin-operated game machine is taxable as amusement income.
 - There is no deduction allowed for commissions or equipment rental costs.
 - Commissions received for the placement of game machines in a business location are taxable to the business providing space as licensing for *use of real property*.
- Souvenirs/Programs – Income from the sale of souvenirs and programs at or during an amusement activity is taxable as *retail sales*.
- Food and Beverage Sales – Income from the sale of all food and beverages at or during an amusement activity is taxable as *restaurant and bar activity*.
- Rental of Equipment – Income from the rental of equipment necessary to participate in an amusement activity (e.g., ice skates, bowling shoes) is taxable as *rental of tangible personal property*.

- **Federally Exempt Organizations** – Federally-exempt organizations or proprietary clubs which are recognized by the Internal Revenue Service as being nonprofit (501(c)) are exempt from the city tax on their income. However, they may be required to obtain other licenses and permits. Contact us at (623) 930-3190 for information specific to your situation.

Please note: Amusement activities conducted on behalf of these organizations by outside franchises and/or concessionaires are not exempt from the amusement tax.

- **Purchase of Amusement Equipment** – The purchase of any machines, equipment, etc. used in an amusement activity is subject to *sales or use tax* at the time of purchase.

DEDUCTIONS THAT CAN BE TAKEN (when included in the gross income on the front of your tax return):

- State, county and city tax collected whether charged separately, or included in the sales price.
- Discounts, refunds or returns.

CALCULATING THE TAX

You may choose to charge the tax separately or you may include tax in your price. If you include tax in your price (no separate charge for tax), you may back out the tax in order to compute the amount of tax included in your gross income. The formula is:

TAXABLE SALES divided by 1 + COMBINED TAX RATE of 10.2% (state, county & city tax)

Calculate the tax deduction as follows:

Taxable Sales ÷ Factor (1.102) = *Computed Taxable Income*.

Taxable Sales less *Computed Taxable Income* equals your deduction for tax collected.

Example: \$3,000.00 ÷ 1.102 = \$2,722.32

\$3,000.00 - \$2,722.32 = \$277.68 (tax collected deduction)

If more tax was collected than was due, the city's portion of excess tax collected must be paid to the city, unless it is refunded to the customer. Please refer to the Privilege (Sales) Tax Instruction Sheet for instructions on how to report excess tax collected or the tax collected deduction.

For more information on licensing, tax rates, tax return instructions or a copy of the Tax Code go to www.glendaleaz.com/taxandlicense/ or call (623) 930-3190 or write to:

City of Glendale, Tax & License Division
5850 W. Glendale Ave, Suite 104
Glendale, AZ 85301

This is general information only. The intent is to condense and simplify the language in the Glendale City Tax Code. For complete details, refer to the Glendale City Tax Code.